



# Federal Register

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**Monday,  
December 9, 2002**

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**Part X**

**Department of the  
Interior**

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**Semiannual Regulatory Agenda**

**DEPARTMENT OF THE INTERIOR (DOI)**

**DEPARTMENT OF THE INTERIOR**

**Office of the Secretary**

**25 CFR Ch. I**

**30 CFR Chs. II and VII**

**36 CFR Ch. I**

**43 CFR Subtitle A, Chs. I and II**

**48 CFR Ch. 14**

**50 CFR Chs. I and IV**

**Semiannual Regulatory Agenda**

**AGENCY:** Office of the Secretary, Interior.

**ACTION:** Semiannual regulatory agenda.

**SUMMARY:** This notice provides the semiannual agenda of rules scheduled for review or development between October 2002 and April 2003. The

Regulatory Flexibility Act and Executive Order 12866 require publication of the agenda.

**ADDRESSES:** Unless otherwise indicated, all agency contacts are located at the Department of the Interior, 1849 C Street NW., Washington, DC 20240.

**FOR FURTHER INFORMATION CONTACT:** You should direct all comments and inquiries with regard to these rules to the appropriate agency contact. You should direct general comments relating to the agenda to the Office of Executive Secretariat, Department of the Interior, at the address above or on 202-208-5257 or 202-208-3071.

**SUPPLEMENTARY INFORMATION:** With this publication, the Department satisfies the requirement of Executive Order 12866 that the Department publish an agenda of rules that we have issued or expect to issue and of currently effective rules that we have scheduled for review.

Simultaneously, the Department meets the requirement of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) to publish an agenda in April and October of each year identifying rules that will have significant economic effects on a substantial number of small entities. We have specifically identified in the agenda rules that will have such effects.

For this edition of the Department's regulatory agenda, we have included the most important significant regulatory actions in the Regulatory Plan, which appears in part II of today's **Federal Register**. The table of contents below lists the Regulatory Plan entries and denotes them by a bracketed bold reference that directs the reader to the appropriate sequence number in part II.

**Date:** October 3, 2002.

**Richard A. Stephan,**  
*Federal Register Liaison Officer.*

**Assistant Secretary for Policy, Management and Budget—Proposed Rule Stage**

Sequence Number	Title	Regulation Identification Number
1226	Natural Resource Damage Assessments: Type B Procedures .....	1090-AA29
1227	Department Hearings and Appeals; Special Rules Applicable to Public Land Hearings and Appeals .....	1090-AA68
1228	Department Hearings and Appeals; Procedures Applicable in Adjudications Before the Hearings Division .....	1090-AA73
1229	Nonprocurement Suspension and Debarment; Drug-Free Workplace Grant Requirements .....	1090-AA79
1230	Department Hearings and Appeals Procedures; Procedures Applicable in Indian Probate Hearings .....	1090-AA81
1231	Amendment of Authority To Grant Stays of Grazing Decisions .....	1090-AA83

**Assistant Secretary for Policy, Management and Budget—Final Rule Stage**

Sequence Number	Title	Regulation Identification Number
1232	Records and Testimony; Freedom of Information Act .....	1090-AA61
1233	Nondiscrimination in Federally Assisted Programs of the Department of the Interior on the Basis of Race, Color National Origin, Handicap, or Age .....	1090-AA77

**Assistant Secretary for Policy, Management and Budget—Completed Actions**

Sequence Number	Title	Regulation Identification Number
1234	Special Rules Applicable to Surface Coal Mining Hearings and Appeals .....	1090-AA82

**United States Fish and Wildlife Service—Prerule Stage**

Sequence Number	Title	Regulation Identification Number
1235	Consideration of Listing the Green Iguana ( <i>Iguana Iguana</i> ) as Injurious, Pursuant to the Lacey Act .....	1018-AF08
1236	Partners for Fish and Wildlife Program .....	1018-AH98

## DOI

## Bureau of Indian Affairs—Proposed Rule Stage

Sequence Number	Title	Regulation Identification Number
1437	Irrigation Projects and Systems .....	1076-AD44
1438	Indian Electric Power Utilities .....	1076-AD45
1439	Buy Indian Act Regulations .....	1076-AE07
1440	Tribal Revenue Allocation Plans .....	1076-AE24

## Bureau of Indian Affairs—Final Rule Stage

Sequence Number	Title	Regulation Identification Number
1441	Indian Business Development Program .....	1076-AD70
1442	Certificates of Degree of Indian Blood .....	1076-AD97
1443	Arrangement With States, Territories, or Other Agencies for Relief of Distress and Social Welfare of Indians .....	1076-AD98
1444	Alaska Resupply Operation .....	1076-AE04
1445	Protection of Products of Indian Art and Craftsmanship .....	1076-AE16
1446	Indian Reservation Roads Program .....	1076-AE17
1447	Trust Management Reform: Repeal of Outdated Rules .....	1076-AE20
1448	Technical Amendments to Housing Improvement Program Regulations .....	1076-AE31

## Bureau of Indian Affairs—Completed Actions

Sequence Number	Title	Regulation Identification Number
1449	Indian School Equalization Program — Provisions for Exceptional Children .....	1076-AE14
1450	Adult Education Program .....	1076-AE29
1451	Indian Reservation Roads — FY 2002 Funds Distribution .....	1076-AE32
1452	Courts of Indian Offenses — Santa Fe .....	1076-AE33

## Bureau of Indian Affairs—Discontinued Entries

Regulation Identification Number	Title	Date	Comments
1076-AE21	Appeals of Administrative Actions	08/01/2002	Withdrawn - No further action will be taken at this time.
1076-AE22	Trust Funds for Tribes and Individual Indians	08/01/2002	Withdrawn - No further action scheduled.
1076-AE23	Leases and Permits	08/01/2002	Withdrawn - No further action scheduled.
1076-AE25	Probate of Indian Estates Except for Members of the Five Civilized Tribes	08/01/2002	Withdrawn - No further action will be taken.

## Minerals Management Service—Proposed Rule Stage

Sequence Number	Title	Regulation Identification Number
1453	Late and Overpayment Interest .....	1010-AC27
1454	Takes vs. Entitlements Reporting .....	1010-AC29
1455	Accounting Relief for Marginal Properties .....	1010-AC30
1456	Prepayment of Royalties .....	1010-AC31
1457	Incident Reporting .....	1010-AC57
1458	Royalty Relief Terms .....	1010-AC58
1459	MMS Hearings and Investigations .....	1010-AC79

## DOI

## Minerals Management Service—Proposed Rule Stage (Continued)

Sequence Number	Title	Regulation Identification Number
1460	Appeals of Minerals Management Service Orders .....	1010-AC80
1461	Dealing With Sustained Casing Pressure .....	1010-AC83
1462	Definition of Control .....	1010-AC88
1463	Documents Incorporated by Reference — API RP 14F and API 510 .....	1010-AC89
1464	Reporting Amendments .....	1010-AC90
1465	Rights-of-Use and Easements and Pipeline Rights-of-Way .....	1010-AC91
1466	Blowout Prevention for Production Tree Coiled Tubing Workover Operations .....	1010-AC96
1467	Data Release and Definitions .....	1010-AC99
1468	Relief or Reduction in Royalty Rates — Deep Gas Provisions ( <b>Reg Plan Seq No. 76</b> ) .....	1010-AD01
1469	Reduction to Royalty Relief in Special Circumstances .....	1010-AD02

References in boldface appear in the Regulatory Plan in part II of this issue of the **Federal Register**.

## Minerals Management Service—Final Rule Stage

Sequence Number	Title	Regulation Identification Number
1470	Oil and Gas Drilling Operations .....	1010-AC43
1471	Plans and Information .....	1010-AC47
1472	Oil and Gas and Sulphur Operations in the Outer Continental Shelf—Safety Measures and Procedures for Pipeline Modifications and Repairs .....	1010-AC75
1473	Proprietary Terms and Data Disclosure .....	1010-AC81
1474	Documents Incorporated by Reference — API Specification 2C .....	1010-AC82
1475	Documents Incorporated by Reference for Offshore Floating Production Facilities .....	1010-AC85
1476	Outer Continental Shelf Oil and Gas Leasing — Clarifying Amendments .....	1010-AC94
1477	Document Incorporated by Reference—API 510—Pressure Vessel Inspection Code: Maintenance Inspection, Rating, Repair, and Alteration .....	1010-AC95
1478	Valuation of Oil from Indian Leases ( <b>Reg Plan Seq No. 77</b> ) .....	1010-AD00

References in boldface appear in the Regulatory Plan in part II of this issue of the **Federal Register**.

## Minerals Management Service—Completed Actions

Sequence Number	Title	Regulation Identification Number
1479	Prospecting for Minerals Other Than Oil, Gas, and Sulphur in the Outer Continental Shelf .....	1010-AC48
1480	Decommissioning Activities .....	1010-AC65
1481	Deep Water Royalty Relief for Outer Continental Shelf Oil and Gas Leases Issued After 2000 .....	1010-AC71
1482	Technical Amendments .....	1010-AC87
1483	Suspension of Operations for Exploration Under Salt Sheets .....	1010-AC92
1484	Documents Incorporated by Reference - API RP 14C .....	1010-AC93

## Office of Surface Mining Reclamation and Enforcement—Proposed Rule Stage

Sequence Number	Title	Regulation Identification Number
1485	Abandoned Coal Refuse Sites—Title I .....	1029-AB70
1486	Revegetation .....	1029-AC02
1487	Placement of Excess Spoil .....	1029-AC04
1488	Financial Assurances .....	1029-AC05

## DOI—BIA

## Final Rule Stage

Improvement Program rule published in the Federal Register on March 2, 1998. The amendments revise the terminology to make the rule consistent and add several other clarifications.

**Timetable:**

Action	Date	FR Cite
Final Action	11/00/02	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** Tribal

**Agency Contact:** June Henkel, Chief, Division of Housing Assistance, Department of the Interior, Bureau of Indian Affairs, MS 4641 MIB, 1849 C Street NW, Washington, DC 20240  
Phone: 202 208-3667

**RIN:** 1076—AE31

**Department of the Interior (DOI)**  
**Bureau of Indian Affairs (BIA)**

## Completed Actions

**1449. INDIAN SCHOOL EQUALIZATION PROGRAM — PROVISIONS FOR EXCEPTIONAL CHILDREN**

**Priority:** Substantive, Nonsignificant

**CFR Citation:** 25 CFR 39

**Completed:**

Reason	Date	FR Cite
Final Action	08/13/02	67 FR 52828

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** Tribal

**Agency Contact:** Dave Allison  
Phone: 801 722-4300

**RIN:** 1076—AE14

**1450. ADULT EDUCATION PROGRAM**

**Priority:** Info./Admin./Other

**CFR Citation:** 25 CFR 46

**Completed:**

Reason	Date	FR Cite
Final Action	03/25/02	67 FR 13568

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** Undetermined

**Agency Contact:** George Skibine  
Phone: 202 219-4066

**RIN:** 1076—AE29

**1451. • INDIAN RESERVATION ROADS — FY 2002 FUNDS DISTRIBUTION**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 36 Stat 861; 78 Stat 241; 45 Stat 750 (25 USC 47; 42 USC 2000e(b); 23 USC 101(a))

**CFR Citation:** 25 CFR 170

**Legal Deadline:** None

**Abstract:** This rule was issued for the purpose of distributing the remaining 25 percent of the fiscal year 2002 Indian Reservation Roads funds to projects on or near Indian Reservations using the relative need formula.

**Timetable:**

Action	Date	FR Cite
Final Action	07/02/02	67 FR 44355

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** Tribal

**Agency Contact:** LeRoy Gishi, Chief, Division of Transportation, Department of the Interior, Bureau of Indian Affairs, MS 4058 MIB, 1849 C Street NW, Washington, DC 20240  
Phone: 202 208-4359

**RIN:** 1076—AE32

**1452. • COURTS OF INDIAN OFFENSES — SANTA FE**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** RS 463; 25 USC 2; 38 Stat 586; 25 USC 200

**CFR Citation:** 25 CFR 11

**Legal Deadline:** None

**Abstract:** This rule amends the regulations by adding the Santa Fe Indian School property (Southwest Region, New Mexico) to the listing of Courts of Indian Offenses, section 11.100(a)(14). This amendment will establish a Court of Indian Offenses for a period not to exceed one year. It is necessary to establish a Court of Indian Offenses with jurisdiction over the Santa Fe Indian School property in order to protect lives and property.

**Timetable:**

Action	Date	FR Cite
Final Action	07/02/02	67 FR 44353

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** Tribal

**Agency Contact:** Ralph Gonzales, Housing Program Specialist, Department of the Interior, Bureau of Indian Affairs, 1849 C Street NW, Washington, DC 20240  
Phone: 202 208-4401

**RIN:** 1076—AE33

**BILLING CODE** 4310—02—S

**Department of the Interior (DOI)**  
**Minerals Management Service (MMS)**

## Proposed Rule Stage

**1453. LATE AND OVERPAYMENT INTEREST**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 25 USC 1001 et seq; 25 USC 1301 et seq; 25 USC 1331 et seq; 25 USC 1701 et seq; 25 USC 1735; 25 USC 1801 et seq; 25 USC 181 et

seq; 25 USC 2101 et seq; 25 USC 351 et seq; 25 USC 3716; 25 USC 3720a; 25 USC 396 et seq; 25 USC 396a et seq; 25 USC 9701; 5 USC 301 et seq

**CFR Citation:** 30 CFR 206; 30 CFR 218; 30 CFR 230

**Legal Deadline:** None

**Abstract:** This rule allows MMS to pay interest on Federal onshore and offshore oil and gas royalty overpayments and makes interest charges more equitable between the payor and the recipient. Interest will be paid on overpayments related to

## DOI—MMS

## Proposed Rule Stage

royalty, rent and estimates resulting from sales of Federal onshore and offshore oil and gas production.

**Timetable:**

Action	Date	FR Cite
NPRM	08/00/03	
NPRM Comment	10/00/03	
Period End		

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** None

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
Phone: 303 231-3211  
Fax: 303 231-3385  
Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC27

**1454. TAKES VS. ENTITLEMENTS REPORTING**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 30 USC 1735

**CFR Citation:** 30 CFR 205

**Legal Deadline:** None

**Abstract:** This rule addresses reporting and payment requirements for production removed and sold from a Federal lease, unit participating area, or communitization agreement beginning September 1996.

**Timetable:**

Action	Date	FR Cite
NPRM	02/00/03	
NPRM Comment	04/00/03	
Period End		

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** State

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
Phone: 303 231-3211  
Fax: 303 231-3385  
Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC29

**1455. ACCOUNTING RELIEF FOR MARGINAL PROPERTIES**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 30 USC 1735

**CFR Citation:** 30 CFR 204

**Legal Deadline:** None

**Abstract:** This rule allows reporters to seek accounting, reporting, and auditing relief for their marginal properties in accordance with section 117(c) of the Federal Oil and Gas Royalty Management Act of 1982 as amended by the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996.

**Timetable:**

Action	Date	FR Cite
NPRM	01/21/99	64 FR 3360
NPRM Comment	03/22/99	
Period End		
Supplementary NPRM	11/00/02	
NPRM Comment	01/00/03	
Period End		

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** State

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
Phone: 303 231-3211  
Fax: 303 231-3385  
Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC30

**1456. PREPAYMENT OF ROYALTIES**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 30 USC 1735

**CFR Citation:** 30 CFR 204

**Legal Deadline:** None

**Abstract:** This rule allows payors to prepay royalty in lieu of monthly royalty payments for their marginal properties with approval from the affected States. It will establish the criteria used by payors, States, and MMS to calculate, report, and monitor royalty prepayments.

**Timetable:**

Action	Date	FR Cite
NPRM	06/00/03	
NPRM Comment	08/00/03	
Period End		

**Regulatory Flexibility Analysis**

**Required:** Yes

**Small Entities Affected:** Businesses

**Government Levels Affected:** State

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
Phone: 303 231-3211  
Fax: 303 231-3385  
Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC31

**1457. INCIDENT REPORTING**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 43 USC 1331 et seq

**CFR Citation:** 30 CFR 250

**Legal Deadline:** None

**Abstract:** There continues to be rapid growth in offshore exploration and production activities in the Gulf of Mexico. Since safety is our top priority, we must upgrade our accident investigation functions. To do this we need accurate and timely information. This rule is the only way to require operators, lessees, and permit holders in the Outer Continental Shelf (OCS) to give us a written report about each OCS accident. It will also establish clearer guidelines for accident reporting thresholds and timing.

**Timetable:**

Action	Date	FR Cite
NPRM	12/00/02	
NPRM Comment	02/00/03	
Period End		

**Regulatory Flexibility Analysis**

**Required:** No

**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC57

**1458. ROYALTY RELIEF TERMS**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 25 USC 396 et seq

**CFR Citation:** 30 CFR 203

**Legal Deadline:** None

**Abstract:** This rule amends the circumstances that discontinue the existing royalty relief for end-of-life oil

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## Proposed Rule Stage

and gas leases and also introduces a categorical royalty relief program for deep gas drilling on existing shallow water tracts.

**Timetable:**

Action	Date	FR Cite
NPRM	12/00/02	
NPRM Comment Period End	02/00/03	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC58

**1459. MMS HEARINGS AND INVESTIGATIONS**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 30 USC 1717

**CFR Citation:** 30 CFR 240

**Legal Deadline:** None

**Abstract:** This rule will explain how the Minerals Management Service will conduct hearings and investigations necessary and appropriate to carrying out the Secretary's duties under the Federal Oil and Gas Royalty Management Act of 1982.

**Timetable:**

Action	Date	FR Cite
NPRM	09/00/03	
NPRM Comment Period End	11/00/03	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
Phone: 303 231-3211  
Fax: 303 231-3385  
Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC79

**1460. APPEALS OF MINERALS MANAGEMENT SERVICE ORDERS**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 43 USC 1331 et seq

**CFR Citation:** 30 CFR 242; 30 CFR 290; 43 CFR 4

**Legal Deadline:** None

**Abstract:** This rule streamlines the appeals process to facilitate processing appeals within the 33-month deadline required by the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA). It also implements the requirements of OMB Circular A-25, which establishes guidelines for Federal agencies to assess fees to cover the costs of Government-provided services or benefits beyond those accruing to the general public. The proposed rule will: (1) require the appellant to file its Notice of Appeal and Statement of Reasons directly with the MMS Appeals Division and file copies with the office that issued the order; (2) implement most of the recommendations made by the Royalty Policy Committee; (3) eliminate the requirement for an MMS field report containing MMS's arguments; (4) clarify the right of the States and tribes to participate in the appeals process; and (5) provide for settlement negotiations as required in RSFA.

**Timetable:**

Action	Date	FR Cite
NPRM	02/00/03	
NPRM Comment Period End	04/00/03	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Platte Clark, Senior Appeals Specialist, Department of the Interior, Minerals Management Service, 4230 MIB, 1849 C Street NW, Washington, DC 20240  
Phone: 202 208-2394

**RIN:** 1010-AC80

**1461. DEALING WITH SUSTAINED CASING PRESSURE**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 43 USC 1331

**CFR Citation:** 30 CFR 250

**Legal Deadline:** None

**Abstract:** This proposed rulemaking amends subpart E (Oil and Gas Well-Completion Operations) of MMS operating regulations. It describes procedures for dealing with sustained casing pressure in oil and gas wells on the Outer Continental Shelf. Currently lessees must request a departure from

MMS regulations to operate a well that has sustained casing pressure. When granting a departure, MMS requires that lessees perform periodic checks and evaluations to ensure that the pressure is not a danger to personnel, equipment, or the environment. This proposed rule will codify these procedures and ensure uniform regulatory practices among MMS regional offices. The proposed changes will also help ensure that lessees will continue to conduct operations in a safe manner.

**Timetable:**

Action	Date	FR Cite
NPRM	11/09/01	66 FR 56620
Comment Period Extended to 3/9/2002	01/03/02	67 FR 275
Final Action	11/00/03	
Final Action Effective	01/00/04	

**Regulatory Flexibility Analysis Required:** No

**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC83

**1462. DEFINITION OF CONTROL**

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 30 USC 1001 et seq; 30 USC 1701 et seq; 30 USC 181 et seq; 30 USC 351 et seq; 31 USC 9701; 43 USC 1301 et seq; 43 USC 1331 et seq; 43 USC 1801 et seq; 5 USC 2101 et seq; 5 USC 301 et seq; 5 USC 396 et seq; 5 USC 396a et seq

**CFR Citation:** 30 CFR 206

**Legal Deadline:** None

**Abstract:** MMS is amending the definition of "control" in 30 CFR part 206 based upon the relevance to MMS regulations of the decision *National Mining Association v. Department of the Interior*, 177 F.3rd 1 (DC Cir., May 28, 1999).

**Timetable:**

Action	Date	FR Cite
NPRM	11/00/02	
NPRM Comment Period End	01/00/03	

## DOI—MMS

## Proposed Rule Stage

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
 Phone: 303 231-3211  
 Fax: 303 231-3385  
 Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC88**1463. DOCUMENTS INCORPORATED BY REFERENCE — API RP 14F AND API 510****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331 et seq**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** This rule will update a document incorporated by reference and incorporate by reference a new document. Incorporation by reference makes a widely available technical document part of our regulations. The updated reference, API RP 14F, is the fourth edition of the American Petroleum Institute's (API) "Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class 1, Division 1, and Division 2 Locations. The new document, API RP 14 FZ, is titled "Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Unclassified and Class 1, Zone 0, Zone 1 and Zone 2 Locations.

**Timetable:**

Action	Date	FR Cite
NPRM	12/00/02	
NPRM Comment	03/00/03	
Period End		

**Regulatory Flexibility Analysis****Required:** Undetermined**Government Levels Affected:** Undetermined

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
 Phone: 303 231-3211  
 Fax: 303 231-3385

Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC89**1464. REPORTING AMENDMENTS****Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.**Legal Authority:** 25 USC 2107; 25 USC 396; 30 USC 1023; 30 USC 1751(a); 30 USC 189; 30 USC 190; 30 USC 359; 31 USC 3716; 31 USC 9701; 43 USC 1334; 43 USC 1801; 44 USC 3506(a); 5 USC 301 et seq**CFR Citation:** 30 CFR 206; 30 CFR 210; 30 CFR 216; 30 CFR 218**Legal Deadline:** None

**Abstract:** MMS is amending its regulations to: (1) update reporting instructions; (2) eliminate unnecessary report forms; (3) add approved information collections previously omitted; (4) remove the extended due date for production reports submitted electronically; (5) require production reporting on leases and agreements until all production has ceased and all inventory has been disposed of; and (6) eliminate certain reporting assessments and electronic reporting options.

**Timetable:**

Action	Date	FR Cite
NPRM	04/00/03	
NPRM Comment	06/00/03	
Period End		

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Sharron Gebhardt, Regulatory Specialist, Department of the Interior, Minerals Management Service, MS 320B2, PO Box 25165, Denver, CO 80225-3211  
 Phone: 303 231-3211  
 Fax: 303 231-3385  
 Email: sharron.gebhardt@mms.gov

**RIN:** 1010-AC90**1465. RIGHTS-OF-USE AND EASEMENTS AND PIPELINE RIGHTS-OF-WAY****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331 et seq**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** MMS is proposing to modify requirements governing rights-of-use

and easement and pipeline rights-of-way in the Outer Continental Shelf. These changes will increase rental rates for pipeline rights-of-way and establish rentals for rights-of-use and easement. The proposed rule will also allow MMS to charge additional payment when the right-of-use and easement or the pipeline right-of-way prevents MMS from making the area available to other companies for exploration and possible development and production. This change is needed because of requests by lessees and pipeline right-of-way holders to use large areas outside of the area covered by their lease and pipeline right-of-way for accessory structures.

**Timetable:**

Action	Date	FR Cite
NPRM	12/00/02	
NPRM Comment	03/00/03	
Period End		

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
 Phone: 703 787-1600  
 Fax: 703 787-1093  
 Email: kumkum.ray@mms.gov

**RIN:** 1010-AC91**1466. • BLOWOUT PREVENTION FOR PRODUCTION TREE COILED TUBING WORKOVER OPERATIONS****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331 et seq**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** The rule would upgrade blowout prevention requirements for well workover operations conducted using coiled tubing while the well-head production tree is in place.

**Timetable:**

Action	Date	FR Cite
NPRM	11/00/02	
NPRM Comment	03/00/03	
Period End		

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior,

## DOI—MMS

## Proposed Rule Stage

Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

RIN: 1010-AC96

#### 1467. • DATA RELEASE AND DEFINITIONS

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 43 USC 1331

**CFR Citation:** 30 CFR 250 subpart A

**Legal Deadline:** None

**Abstract:** This rule will amend 30 CFR part 250 by adding a new definition, revising existing definition, clarifying or expanding certain requirements, and making administrative changes. We are adding a new definition for the term "production in paying quantities" to enable us to determine how much production qualifies as lease holding production. We are specifying the submission or from progress reports and final reports for suspensions of production and suspensions of operations to ensure that the lessee/operator is diligent in pursuing performance of their lease. We are adding a new section pertaining to notifying MMS on production status. We are reorganizing the forms data release table and adding entries for three new forms. We are expanding the requirements pertaining to submitting digital data.

#### Timetable:

Action	Date	FR Cite
NPRM	12/00/02	
NPRM Comment Period End	02/00/03	

#### Regulatory Flexibility Analysis Required: No

**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

RIN: 1010-AC99

#### 1468. • RELIEF OR REDUCTION IN ROYALTY RATES — DEEP GAS PROVISIONS

**Regulatory Plan:** This entry is Seq. No. 76 in part II of this issue of the **Federal Register**.

RIN: 1010-AD01

#### 1469. • REDUCTION TO ROYALTY RELIEF IN SPECIAL CIRCUMSTANCES

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 43 USC 1331 et seq

**CFR Citation:** 30 CFR 203

**Legal Deadline:** None

**Abstract:** The recently published final rule 1010-AC71 created a process for

certain leases (those that are inadequately helped by our formal relief systems) to seek special royalty relief. However, overly restrictive eligibility criteria may exclude some leases that fulfill statutory purposes while redundant criteria may include other leases that do not fit statutory purposes. This rule will refine the eligibility criteria to include marginal discoveries in the shallow water part of the Gulf of Mexico that may offer meaningful conservation or infrastructure preservation benefits. The revision will also disallow a royalty relief request by a lease or project that does not promote wider program goals or is only temporarily unable to benefit from a formal royalty relief program.

#### Timetable:

Action	Date	FR Cite
NPRM	12/00/02	
NPRM Comment Period End	02/00/03	

#### Regulatory Flexibility Analysis Required: No

**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

RIN: 1010-AD02

### Department of the Interior (DOI) Minerals Management Service (MMS)

### Final Rule Stage

#### 1470. OIL AND GAS DRILLING OPERATIONS

**Priority:** Other Significant

**Legal Authority:** 43 USC 1331 et seq

**CFR Citation:** 30 CFR 250

**Legal Deadline:** None

**Abstract:** The rule will be written in plain English, substantive changes will be incorporated, and the rule will reflect the results of the blowout preventer study.

#### Timetable:

Action	Date	FR Cite
NPRM	06/21/00	65 FR 38453
NPRM Comment Period End	10/19/00	65 FR 46126

#### Timetable:

Action	Date	FR Cite
Final Action	11/00/02	
Final Action Effective	12/00/02	

#### Regulatory Flexibility Analysis Required: No

**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

RIN: 1010-AC43

#### 1471. PLANS AND INFORMATION

**Priority:** Substantive, Nonsignificant

**Legal Authority:** 43 USC 1331 et seq

**CFR Citation:** 25 CFR 250

**Legal Deadline:** None

**Abstract:** MMS requires companies to submit for approval their exploration and development plans for activities on the Outer Continental Shelf. The companies must submit these plans before they can begin any activities, except preliminary activities. This rule would rewrite the requirements into clearer language and organize them into discrete sections by topic, to make them easier to follow.

## DOI—MMS

## Final Rule Stage

**Timetable:**

Action	Date	FR Cite
NPRM	05/17/02	67 FR 35372
Comment Period Extended	12/13/02	67 FR 46616
Final Action	10/00/03	
Final Action Effective	11/00/03	

**Regulatory Flexibility Analysis  
Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray,  
Geologist, Department of the Interior,  
Minerals Management Service, 381  
Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov  
**RIN:** 1010-AC47

**1472. OIL AND GAS AND SULPHUR  
OPERATIONS IN THE OUTER  
CONTINENTAL SHELF—SAFETY  
MEASURES AND PROCEDURES FOR  
PIPELINE MODIFICATIONS AND  
REPAIRS****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331 et seq**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** The rule will address problems that arise out of the fact that eventually all pipeline valves leak internally. This is due to abrasion and deposition of operational residues on valve seats. Internal valve leakage poses a potential safety problem to offshore workers at the time pipeline repairs are performed because hydrocarbons and pressure differentials in the lines can pose a significant hazard of fire and explosion. The rule will require that lessees and operators consider and submit in writing the measures they plan to take and the procedures they plan to follow to ensure the safety of company or contract workers and to prevent pollution before beginning a pipeline modification or repair, and it will amend section 250.1006(b)(1) by requiring that a blind flange be installed at the platform end of any pipeline taken out of service to prevent seepage into the line through leaking valves.

**Timetable:**

Action	Date	FR Cite
NPRM	08/28/01	66 FR 45236
NPRM Comment Period End	10/29/01	

Action	Date	FR Cite
Final Action	06/00/03	
Final Action Effective	07/00/03	

**Regulatory Flexibility Analysis  
Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray,  
Geologist, Department of the Interior,  
Minerals Management Service, 381  
Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC75**1473. PROPRIETARY TERMS AND  
DATA DISCLOSURE****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331**CFR Citation:** 30 CFR 250; 30 CFR 251**Legal Deadline:** None

**Abstract:** This rule would modify the proprietary terms for geophysical data and information and any of their derivatives that MMS acquires under 30 CFR part 251. We propose to change the beginning of the proprietary terms from the date of submission to MMS to the date MMS issues the permit. The rule would also allow selective disclosure of geological and geophysical data and information and allow selective disclosure of data and information generated on a lease to persons with a direct interest in issues concerning field determination and royalty relief eligibility.

**Timetable:**

Action	Date	FR Cite
NPRM	07/17/02	67 FR 46942
NPRM Comment Period End	09/18/02	
Final Action	04/00/03	
Final Action Effective	05/00/03	

**Regulatory Flexibility Analysis  
Required:** Undetermined**Government Levels Affected:** Undetermined

**Agency Contact:** Kumkum Ray,  
Geologist, Department of the Interior,  
Minerals Management Service, 381  
Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC81**1474. DOCUMENTS INCORPORATED  
BY REFERENCE — API  
SPECIFICATION 2C****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** MMS is proposing to incorporate by reference the Fifth Edition of the American Petroleum Institute's Specification for Offshore Cranes into our regulations. MMS is proposing this action to establish a minimum design standard for new cranes installed on fixed platforms on the Outer Continental Shelf (OCS) and to require all existing cranes installed on OCS fixed platforms to be equipped with anti-two block safety devices. This proposed rule would ensure that OCS lessees use the best available and safest technologies for the design and construction of cranes used in the OCS.

**Timetable:**

Action	Date	FR Cite
NPRM	07/19/01	66 FR 37611
NPRM Comment Period End	10/17/01	
Final Action	11/00/02	
Final Action Effective	12/00/02	

**Regulatory Flexibility Analysis  
Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray,  
Geologist, Department of the Interior,  
Minerals Management Service, 381  
Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC82**1475. DOCUMENTS INCORPORATED  
BY REFERENCE FOR OFFSHORE  
FLOATING PRODUCTION FACILITIES****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** We are proposing to amend our regulations to better address floating offshore platforms that, until now, have not been expressly covered. This will require a complete rewrite of subpart I to include floating production systems. These systems are variously described as column-stabilized units;

## DOI—MMS

## Final Rule Stage

floating production, storage, and offloading facilities; tension-leg platforms; spars; etc. We are also incorporating into our regulations a body of industry standards pertaining to floating production systems, and this will save the public the costs of developing government standards.

**Timetable:**

Action	Date	FR Cite
NPRM	12/27/01	66 FR 66851
Comment Period Extended to 3/27/2002	02/12/02	67 FR 6453
Comment Period Extended to 5/28/2002	03/28/02	67 FR 14902
Final Action	11/00/02	
Final Action Effective	12/00/02	

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC85**1476. OUTER CONTINENTAL SHELF OIL AND GAS LEASING — CLARIFYING AMENDMENTS****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331 et seq**CFR Citation:** 30 CFR 260**Legal Deadline:** None

**Abstract:** This rule proposes clarifying amendments to regulations on OCS bidding systems in 30 CFR part 260, revised as of July 1, 2001. The proposed amendments make explicit that water depth and production timing on leases issued after 2000 and placed on a field with leases issued earlier play no role in the way we determine the royalty suspension volume applicable to eligible leases on the field.

**Timetable:**

Action	Date	FR Cite
NPRM	02/12/02	67 FR 6454
NPRM Comment Period End	03/14/02	
Final Action	11/00/02	
Final Action Effective	12/00/02	

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC94**1477. DOCUMENT INCORPORATED BY REFERENCE—API 510—PRESSURE VESSEL INSPECTION CODE: MAINTENANCE INSPECTION, RATING, REPAIR, AND ALTERATION****Priority:** Substantive, Nonsignificant**Legal Authority:** 43 USC 1331 et seq**CFR Citation:** 30 CFR 250**Legal Deadline:** None

**Abstract:** This rule proposes adding a document to be incorporated by reference into MMS's regulations governing oil and gas and sulphur operations in the outer continental shelf (OCS). This revision will ensure that lessees use the best available and safest technologies while operating in the OCS. The new document, API 510, is titled "Pressure Inspection Code: Maintenance Inspection, Rating, Repair, and Alteration."

**Timetable:**

Action	Date	FR Cite
NPRM	12/27/01	66 FR 66848
NPRM Comment Period End	02/25/02	
Final Action	10/00/03	
Final Action Effective	11/00/03	

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray, Geologist, Department of the Interior, Minerals Management Service, 381 Elden Street, Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC95**1478. • VALUATION OF OIL FROM INDIAN LEASES**

**Regulatory Plan:** This entry is Seq. No. 77 in part II of this issue of the **Federal Register**.

**RIN:** 1010-AD00**Department of the Interior (DOI)  
Minerals Management Service (MMS)****Completed Actions****1479. PROSPECTING FOR MINERALS OTHER THAN OIL, GAS, AND SULPHUR IN THE OUTER CONTINENTAL SHELF****Priority:** Substantive, Nonsignificant**CFR Citation:** 30 CFR 280**Completed:**

Reason	Date	FR Cite
Final Action	07/17/02	67 FR 46855
Final Action Effective	08/16/02	

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC48**1480. DECOMMISSIONING ACTIVITIES****Priority:** Substantive, Nonsignificant**CFR Citation:** 30 CFR 250**Completed:**

Reason	Date	FR Cite
Final Action	05/17/02	67 FR 35398
Final Action Effective	07/16/02	

**Regulatory Flexibility Analysis Required:** No**Government Levels Affected:** None

**Agency Contact:** Kumkum Ray  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AC65

## DOI—MMS

## Completed Actions

**1481. DEEP WATER ROYALTY RELIEF FOR OUTER CONTINENTAL SHELF OIL AND GAS LEASES ISSUED AFTER 2000****Priority:** Other Significant**CFR Citation:** 30 CFR 203**Completed:**

Reason	Date	FR Cite
Final Rule Effective	02/14/02	

**Regulatory Flexibility Analysis****Required:** Yes**Government Levels Affected:** Federal**Agency Contact:** Marshall B. Rose

Phone: 703 787-1536

Fax: 703 787-1141

Email: marshall.rose@mms.gov

**RIN:** 1010-AC71**1482. TECHNICAL AMENDMENTS****Priority:** Info./Admin./Other**CFR Citation:** 30 CFR 201; 30 CFR 206; 30 CFR 212; 30 CFR 216; 30 CFR 217; 30 CFR 218; 30 CFR 219; 30 CFR 220; 30 CFR 227; 30 CFR 228; 30 CFR 230; 30 CFR 241; 30 CFR 243**Completed:**

Reason	Date	FR Cite
Final Action	04/18/02	67 FR 19109
Final Action Effective	04/18/02	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Carol Shelby

Phone: 303 231-3191

Fax: 303 231-3385

Email: carol.shelby@mms.gov

**RIN:** 1010-AC87**1483. SUSPENSION OF OPERATIONS FOR EXPLORATION UNDER SALT SHEETS****Priority:** Substantive, Nonsignificant**CFR Citation:** 30 CFR 250**Completed:**

Reason	Date	FR Cite
Final Action	07/02/02	67 FR 44357
Final Action Effective	08/01/02	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Kumkum Ray

Phone: 703 787-1600

Fax: 703 787-1093

Email: kumkum.ray@mms.gov

**RIN:** 1010-AC92**1484. DOCUMENTS INCORPORATED BY REFERENCE - API RP 14C****Priority:** Substantive, Nonsignificant**CFR Citation:** 30 CFR 250**Completed:**

Reason	Date	FR Cite
Final Action	08/09/02	67 FR 51757
Final Action Effective	09/09/02	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Kumkum Ray

Phone: 703 787-1600

Fax: 703 787-1093

Email: kumkum.ray@mms.gov

**RIN:** 1010-AC93

BILLING CODE 4310-MR-S

## Department of the Interior (DOI)

## Proposed Rule Stage

## Office of Surface Mining Reclamation and Enforcement (OSMRE)

**1485. ABANDONED COAL REFUSE SITES—TITLE I****Priority:** Substantive, Nonsignificant. Major status under 5 USC 801 is undetermined.**Legal Authority:** 30 USC 1201 et seq**CFR Citation:** 30 CFR 785; 30 CFR 829; 30 CFR 830; 30 CFR 845; 30 CFR 870**Legal Deadline:** None**Abstract:** OSM intends to propose new rules governing permitting and performance standards for the recovery of coal from abandoned coal refuse piles. The rules are required to implement section 2503(e) of the Energy Policy Act of 1992.**Timetable:**

Action	Date	FR Cite
NPRM	03/00/03	

**Regulatory Flexibility Analysis****Required:** Undetermined**Government Levels Affected:**

Undetermined

**Agency Contact:** Larry Trainor, Mining Engineer, Department of the Interior,Office of Surface Mining Reclamation and Enforcement, 1951 Constitution Avenue NW, Washington, DC 20240  
Phone: 202 208-2617**RIN:** 1029-AB70**1486. REVEGETATION****Priority:** Substantive, Nonsignificant**Legal Authority:** 30 USC 1201 et seq**CFR Citation:** 30 CFR 816**Legal Deadline:** None**Abstract:** This rule will revise the topsoil replacement and revegetation standards. The revisions will encourage species diversity on reclaimed lands, remove a possible impediment to the use of woody vegetation in revegetating mined land, and provide similar revegetation success standards in both areas of more than 26 inches of precipitation and in areas of less than 26 inches of precipitation.**Timetable:**

Action	Date	FR Cite
NPRM	03/00/03	

**Regulatory Flexibility Analysis****Required:** No**Government Levels Affected:** None**Agency Contact:** Larry Trainor, Mining Engineer, Department of the Interior, Office of Surface Mining Reclamation and Enforcement, 1951 Constitution Avenue NW, Washington, DC 20240  
Phone: 202 208-2617**RIN:** 1029-AC02**1487. PLACEMENT OF EXCESS SPOIL****Priority:** Substantive, Nonsignificant**Legal Authority:** 30 USC 1201 et seq**CFR Citation:** 30 CFR 701; 30 CFR 773; 30 CFR 780; 30 CFR 781; 30 CFR 785; 30 CFR 816; 30 CFR 817**Legal Deadline:** None**Abstract:** This rule will establish permit application requirements and review procedures for applications that propose to place excess spoil from surface coal mining operations into waters of the United States. In addition, it will modify the backfilling and

reach market quickly. Because the most prospective tracts in shallow water are already under lease, most of the deep gas potential in shallow water may already have been acquired. This rule proposes temporary incentives in the form of royalty suspension volumes for deep wells (at least 15,000 feet below significant energy action level) on existing leases that explore for or produce gas.

**Statement of Need:**

Very little of the deep gas potential in shallow water areas of the Gulf of Mexico has yet been explored. Extensive infrastructure already exists in shallow water, unlike in deep water, so new production could reach market quickly. Because the most productive tracts in shallow water are already under lease, most of the deep gas potential in shallow water may already have been acquired. This rule would accelerate exploration and production of deep gas by providing temporary incentives in the form of royalty suspension volumes for deep wells on existing leases that explore for or produce gas.

**Summary of Legal Basis:**

The OCS Lands Act is the basis for our regulations on suspending or lowering royalties on “producing” OCS leases. The Deep Water Royalty Relief Act, which amended the OCS Lands Act, is the basis for regulations to reduce or eliminate royalty on “non-producing” leases in the Gulf of Mexico west of 87 degrees, 30 minutes West longitude. It gives the Secretary of the Interior this authority to (1) promote development or increased production on producing and non-producing leases, or (2) encourage production of marginal resources on producing and non-producing leases.

**Alternatives:**

There are two alternatives — providing incentives only through the lease sale process, or through an application process. Reserving the deep gas incentive only for new leases issued in future sales

will not encourage exploration and production of much of the deep gas potential that underlies existing leases. Many of the best blocks have not been through a sale in decades. Also, new leases would be less able to use the existing infrastructure than existing leases so additional gas production would be delayed. Granting royalty relief on a case-by-case basis to existing leases would better protect against

unnecessary royalty relief but is unlikely to encourage much additional production. The unavoidable complexity and delays in a system like we use in the discretionary deep water royalty relief program would discourage many lessees and delay the desired activity by those that would apply.

**Anticipated Cost and Benefits:**

Costs of this program to the federal government are the foregone royalties associated with drilling and production of deep gas that would have occurred even if no royalty suspension incentives were offered. We estimate that recipients of deep gas royalty relief will earn an average of 350 Bcf of gas royalty relief each year from activity that would have taken place without the program.

This rule’s royalty benefits derive from the extra gas production (i.e., gas produced in excess of the royalty suspension volumes) from discoveries induced by the program incentives and resulting drilling. We estimate this benefit to be, on average, 370 Bcf of gas each year, yielding a net annual royalty benefit of 20 Bcf.

The additional gas production resulting from this rule also offers an important timing benefit. We do not expect significant gas production from deep water for another 10-15 years. We estimate that this rule will result in twice as many deep wells drilled each year of the program producing 1 to 2 Tcf more gas production in shallow water. The additional gas volumes will help offset declines in other OCS gas production until deep water gas comes on stream, thereby moderating gas prices and reducing the need for gas imports and consumption of dirtier fuels.

**Risks:**

The risk of not offering royalty relief provided in this rulemaking action is that some deep gas resources in shallow water will not be developed, at least not during a period when growing demand and declines in traditional sources for natural gas will lead to volatile prices.

**Timetable:**

Action	Date	FR Cite
NPRM	11/00/02	
NPRM Comment Period End	01/00/03	

**Regulatory Flexibility Analysis Required:**

No

**DOI—Minerals Management Service (MMS)**

**PROPOSED RULE STAGE**

**76. • RELIEF OR REDUCTION IN ROYALTY RATES — DEEP GAS PROVISIONS**

**Priority:**

Economically Significant. Major under 5 USC 801.

**Legal Authority:**

43 USC 1331 et seq

**CFR Citation:**

30 CFR 203

**Legal Deadline:**

None

**Abstract:**

Declines in outer continental shelf production from existing fields need to be offset by new sources to keep up with growing demand. Very little of the deep gas potential in shallow water areas of the Gulf of Mexico has yet been explored. Extensive infrastructure already exists in shallow water, unlike in deep water, so new production could

**Government Levels Affected:**

None

**Agency Contact:**

Kumkum Ray  
Geologist  
Department of the Interior  
Minerals Management Service  
381 Elden Street  
Herndon, VA 20170  
Phone: 703 787-1600  
Fax: 703 787-1093  
Email: kumkum.ray@mms.gov

**RIN:** 1010-AD01

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substantial reliance on the higher of crude oil spot prices, major portion prices, or gross proceeds, and eliminate any direct reliance on posted prices. This rulemaking would also add more certainty to valuation of oil produced from Indian leases.

#### Summary of Legal Basis:

The primary legal basis for this rulemaking is the Federal Oil and Gas Royalty Management Act of 1982, as amended, which defines the Secretary of the Interior's (1) authority to implement and maintain a royalty management system for oil and gas leases on Indian lands, and (2) trust responsibility to administer Indian oil and gas resources.

#### Alternatives:

We considered a range of valuation alternatives such as making minor adjustments to the current gross proceeds valuation method, using futures prices, using index-based prices with fixed adjustments for production from specific geographic zones, relying on some type of field pricing other than posted prices, and taking oil in-kind. We chose the higher of the average of the high daily applicable spot prices for the month, major portion prices in the field or area, or gross proceeds received by the lessee or its affiliate. We chose spot prices as one of the three value measures because (1) they represent actual trading activity in the market, (2) they mirror New York Mercantile Exchange futures prices, and (3) they permit use of an index price for the market center nearest the lease for oil most similar in quality to that of the lease production.

#### Anticipated Cost and Benefits:

We estimate compliance with this rulemaking would cost the oil industry approximately \$5.4 million the first year and \$4.9 million each year thereafter. These estimates include the up-front computer programming and other administrative costs associated with processing the new form. The monetary benefits of this rulemaking are an estimated \$4.7 million increase in annual royalties collected on oil produced from Indian leases. Additional benefits include simplification and increased certainty of oil pricing, reduced audit efforts, and

reduced valuation determinations and associated litigation.

#### Risks:

The risk of not modifying current oil valuation regulations is that Indian recipients may not receive royalties based on the highest price paid or offered for the major portion of oil produced—a common requirement in most Indian leases. These modifications ensure that the Department fulfills its trust responsibilities for administering Indian oil and gas leases under governing mineral leasing laws, treaties, and lease terms.

#### Timetable:

Action	Date	FR Cite
ANPRM	12/20/95	60 FR 65610
NPRM	02/12/98	63 FR 7089
NPRM Comment Period Extended	04/09/98	
NPRM Comment Period End	05/13/98	
Supplementary Proposed Rule	01/05/00	65 FR 10436
ANPRM Comment Period End	03/19/00	
NPRM Comment Period Extended	03/20/00	
Final Action	10/00/03	
Final Action Effective	01/00/04	

#### Regulatory Flexibility Analysis Required:

Yes

#### Small Entities Affected:

Businesses, Governmental Jurisdictions

#### Government Levels Affected:

Tribal

#### Agency Contact:

Sharron Gebhardt  
Regulatory Specialist  
Department of the Interior  
Minerals Management Service  
MS 320B2  
PO Box 25165  
Denver, CO 80225-3211  
Phone: 303 231-3211  
Fax: 303 231-3385  
Email: sharron.gebhardt@mms.gov

**Related RIN:** Previously reported as 1010-AC24

**RIN:** 1010-AD00

**BILLING CODE** 4310-RK-S

DOI—MMS

### FINAL RULE STAGE

#### 77. • VALUATION OF OIL FROM INDIAN LEASES

##### Priority:

Other Significant

##### Legal Authority:

25 USC 2101 et seq; 25 USC 396 et seq; 25 USC 396a et seq; 30 USC 1001 et seq; 30 USC 1701 et seq; 30 USC 351 et seq; 30 USC 181 et seq

##### CFR Citation:

30 CFR 206

##### Legal Deadline:

None

##### Abstract:

This rule would modify the regulations that establish royalty value for oil produced from Indian leases and create a new form for collecting value and differential data. These changes would decrease reliance on oil posted prices and make Indian oil royalty valuation more consistent with the terms of Indian leases.

##### Statement of Need:

Current oil valuation regulations rely on posted prices and prices under arm's-length sales to value oil that is not sold at arm's-length. Over time, posted prices have become increasingly suspect as a fair measure of market value. This rulemaking would modify valuation regulations to place